



May 17, 2010

VIA ELECTRONIC FILING

Jocelyn Boyd, Interim Chief Clerk of the Commission
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

**Re: Big River Telephone, LLC
Case No. 2010-137-C**

Dear Jocelyn:

Enclosed for filing please find the testimony of Gerard J. Howe on behalf of Big River Telephone, LLC in the above referenced docket. By copy of this letter we are serving the same on the Office of Regulatory Staff and the Hearing Examiner. Should you need anything further please contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

Bonnie D. Shealy

/bds
Enclosure

cc/enc: Lessie Hammonds, ORS Staff Attorney (via email & U.S. Mail)
F. David Butler, PSC Hearing Examiner (via email & U.S. Mail)
Mr. Brian Howe (via email)
Mr. Gerard J. Howe (via U.S. Mail)

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2010-137-C

IN RE: Application of Big River)	
Telephone, LLC, for a Certificate of)	
Public Convenience and Necessity to)	
Provide Resold and Facilities-Based)	DIRECT TESTIMONY OF
Local Exchange, Access, and)	GERARD J. HOWE
Interexchange Telecommunications)	
Services in the State of South Carolina)	
and for Flexible and Alternative Regulation)	

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Gerard J. Howe. My business address is 24 So. Minnesota Ave., Cape
3 Girardeau, Missouri, 63703.

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 **A.** I am the Chief Executive Officer of Big River Telephone Company and have been
6 employed in that capacity since December 21, 2001.

7 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

8 **A.** I've worked in the telecommunications industry for over 32 years, the majority of
9 which have been in senior positions of telecommunications firms. My biographical
10 information was filed with Big River's application in this case.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 **A.** The purpose of my testimony is to support the Application of Big River to for a
13 Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based
14 Local Exchange, Access, and Interexchange Telecommunications Services and for
15 Flexible and Alternative Regulation. My testimony specifically relates to Big River's
16 managerial, financial, and technical ability to provide the telecommunications services
17 for which authority is requested, and Big River's compliance with the rules and policies
18 of this Commission.

19 **Q. ARE ALL OF THE STATEMENTS IN BIG RIVER'S APPLICATION**
20 **CORRECT AND TRUE TO THE BEST OF YOUR KNOWLEDGE,**
21 **INFORMATION, AND BELIEF?**

22 **A.** Yes.

1 **Q. DO YOU WISH TO INCORPORATE BY REFERENCE ANY DOCUMENTS**
2 **INTO THIS TESTIMONY?**

3 A. Yes. I wish to incorporate, by reference, Big River's underlying Application filed in
4 this proceeding and the exhibits attached thereto.

5 **Q. HAS ANYTHING OCCURRED SINCE BIG RIVER'S APPLICATION WAS**
6 **FILED THAT MATERIALLY CHANGES THE REPRESENTATIONS**
7 **THEREIN?**

8 A. No.

9 **Q. HAS BIG RIVER REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?**

10 A. Yes. A copy of the Authority to Transact Business as a Foreign Entity was attached to
11 the Application as Exhibit 2.

12 **Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF BIG RIVER.**

13 A. Big River is a limited liability company duly organized and existing under and by
14 virtue of the laws of the State of Delaware. It is a privately-owned entity with no other
15 affiliate companies. A copy of the Certificate of Formation was attached to the
16 Application as Exhibit 1.

17 **Q. PLEASE DESCRIBE BIG RIVER'S OPERATIONAL HISTORY.**

18 A. Big River began operations upon the completion of an acquisition of LDD, Inc. on
19 December 21, 2001 and has been successfully running the business for the past eight
20 years. Prior to the acquisition by Big River, LDD, Inc. had been a long distance
21 provider since 1983 and had initiated local telephone service in 1999. LDD and its
22 employees, essentially all of which Big River retained, had a significant amount of
23 operational experience and infrastructure to provide reliable local and long distance

1 telephone services. Big River augmented the existing LDD work force with the
2 introduction of key management personnel that brought additional telecommunications
3 management experience to Big River's operations. Big River currently has sixty five
4 employees.

5 **Q. DOES BIG RIVER HAVE THE TECHNICAL AND MANAGEMENT**
6 **CAPABILITY TO PROVIDE THE SERVICES FOR WHICH IT HAS APPLIED**
7 **FOR AUTHORITY?**

8 A. Yes, Big River remains managerially and technically qualified to provide resold and
9 facilities-based local exchange, access, and interexchange telecommunications services
10 in the State of South Carolina. Since it commenced operations in 2001, it has been
11 successfully providing basic local and advanced telephone services and now does so in
12 21 states. Big River has not been denied requested certification in any state, nor has
13 any permit, license, or certificate been revoked by any authority. The biographies of
14 the key management personnel of Big River were attached to Big River's Application
15 as Exhibit 3.

16 **Q. IN WHAT OTHER STATES HAS BIG RIVER AUTHORIZED TO PROVIDE**
17 **TELECOMMUNICATIONS SERVICES?**

18 A. Big River is currently authorized to provide local and long distance services in
19 Alabama, Arkansas, Colorado, Georgia, Illinois, Kansas, Kentucky, Louisiana,
20 Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, Oklahoma,
21 Pennsylvania, Tennessee, Texas, Washington, Wisconsin and Wyoming. and long
22 distance services in Indiana.

1 **Q. DOES BIG RIVER CURRENTLY HAVE PENDING APPLICATIONS TO**
2 **PROVIDE SERVICE?**

3 A. Yes, Big River has applications to provide local and interexchange services pending in
4 California, North Carolina, and Ohio.

5 **Q. DOES BIG RIVER HAVE THE FINANCIAL CAPABILITY TO MANAGE THE**
6 **EXPANSION INTO THIS ADDITIONAL TERRITORY AND OPERATE IT**
7 **EFFECTIVELY?**

8 A. Big River has substantial experience in expanding its services, and we are well aware
9 of the financial and operational costs associated with the expansion into South
10 Carolina. Big River is financially capable of handling such costs with its existing
11 operating cash flow and existing cash balances. Big River's financial information was
12 submitted with its Application as Exhibit 4. Big River has requested, and the
13 Commission has ordered, that this information be considered Confidential Information
14 because it contains private financial and business information.

15 **Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT BIG RIVER WILL**
16 **OFFER IN SOUTH CAROLINA.**

17 A. Big River intends to provide facilities-based and resold local exchange, access and
18 interexchange telecommunication services to and from all points in the State of South
19 Carolina. Big River will offer basic local exchange services, custom calling features,
20 and interexchange toll services, including toll free services, to business and residential
21 customers. Big River will also offer access services to business and enterprise
22 customers. Initially, Big River will not offer prepaid local exchange and interexchange
23 services but may do so in the future. We may also provide access services to payphone

1 service providers. Big River's facilities-based local exchange service will be provided
2 via (a) commercial wholesale agreements with incumbents, (b) the company's own
3 facilities, (c) in conjunction with a cable TV operator, or (d) a combination thereof.
4 Initially, toll services will be provided via Big River's underlying long distance carrier.
5 Big River, however, seeks the full range of resold and facilities-based local exchange,
6 access, and interexchange authority so that it can have flexibility in provisioning its
7 services in the future. Big River will monitor and maintain a high level of control over
8 its network on a 24-hours-a-day, 7-days-a-week basis.

9 Big River seeks statewide authority. The South Carolina Telephone Coalition
10 ("Coalition") has not yet intervened in this docket so Big River has not yet entered into
11 any stipulation with respect to providing service in rural areas. Should the Coalition
12 intervene, Big River will agree to enter into the Coalition's standard stipulation. At this
13 juncture, however, Big River is not asking the Commission to make a determination
14 regarding whether competition is in the public interest for rural areas.

15 **Q. HAS YOUR COMPANY BEGUN INTERCONNECTION NEGOTIATIONS**
16 **WITH INCUMBENT LECS IN SOUTH CAROLINA?**

17 A. We have not initiated any negotiations with any of the incumbent LECs in South
18 Carolina in regards to negotiating an interconnection agreement but plan to do so in the
19 next few weeks.

20 **Q. WHICH CARRIER OR CARRIERS SERVE AS YOUR UNDERLYING**
21 **CARRIER FOR INTEREXCHANGE SERVICES?**

22 A. Big River uses Qwest and ANPI (Association of Network Partners, Inc.) for
23 termination of its long distance traffic.

1 **Q. WHAT REGULATORY TREATMENT IS BIG RIVER SEEKING IN THIS**
2 **APPLICATION?**

3 A. Big River requests flexible regulation for its telecommunications services such as the
4 Commission granted in Order No. 98-165 in Docket No. 97-467-C. Big River
5 specifically requests that the Commission: a) adopt for local exchange services a
6 competitive rate structure incorporating maximum rate levels with the flexibility for
7 rate adjustment below the maximum rate levels; and b) presume that Big River's tariff
8 filings for local exchange services be valid upon filing, subject to the Commission's
9 authority, within thirty (30) days, to institute an investigation of such filings. At the
10 discretion of the Commission such filings may be suspended pending further order of
11 the Commission and any such filings may be subject to the same monitoring process as
12 the Commission applies to other, similarly situated carriers.

13 Big River further requests that its interexchange business services, consumer card
14 services, operator services (except the type of calls capped by Order No. 2001-997
15 dated November 8, 2001), and private line service offerings be regulated pursuant to
16 the procedures described and set forth in Order Nos. 95-1734 and 96-55 in Docket No.
17 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C.
18 Specifically, Big River requests that the Commission: a) remove the maximum rate
19 tariff requirements for these services; b) presume that Big River's tariff filings for these
20 services be valid upon filing unless the Commission institutes an investigation of a
21 particular filing within seven (7) days, in which case the tariff filing will be suspended
22 until further order of the Commission; and c) grant Big River the same treatment as

1 other carriers who operate under alternative regulation in connection with any future
2 relaxation of the Commission's reporting requirements.

3 Further, Big River commits to abide by all rules and regulations that are deemed
4 applicable to Big River.

5 **Q. DOES BIG RIVER SEEK WAIVER OF ANY REGULATIONS?**

6 A. Yes. Pursuant to 26 S.C. Regs. 103-610, Big River does not have an office in South
7 Carolina and, therefore, requests that it be allowed to keep all records required under
8 the rules at its principal offices in the State of Missouri. Otherwise, Big River would
9 incur additional expenses to maintain records and reports in an office in South Carolina.
10 Big River will maintain the required records and will make them available to the
11 Commission and ORS upon request. Big River also requests an exemption from any
12 record keeping rules or regulations that might require it to maintain its financial records
13 in conformance with the Uniform System of Accounts ("USOA"). The USOA was
14 developed by the Federal Communications Commission as a means of regulating
15 telecommunications companies subject to rate base regulation. As a competitive
16 carrier, Big River will not be subject to rate base regulation and therefore requests
17 Commission approval of Big River maintaining its books in accordance with Generally
18 Accepted Accounting Principles ("GAAP"). Big River also requests waivers of any
19 reporting requirements which, although applicable to incumbent local exchange
20 carriers, are not applicable to competitive carriers such as Big River because such
21 requirements are not consistent with the demands of the competitive market and
22 constitute an undue burden on a competitive carrier. Big River requests a waiver of 26
23 S.C. Regs. 103-612.2.3, the requirement to file operating maps with the Commission.

1 Big River intends to offer its services statewide. The waivers requested above have
2 been granted under similar situations, and Big River requests that the Commission
3 provide it similar treatment.

4 **Q. HOW WILL BIG RIVER MARKET ITS SERVICES?**

5 A. Initially, Big River will market its services in conjunction with cable TV operators with
6 whom it contracts for network services and whom will serve as a sales agent for Big
7 River. In the future, Big River may also sell directly to the consumer.

8 **Q. HOW WILL BIG RIVER HANDLE SERVICE, BILLING AND REPAIR**
9 **COMPLAINTS?**

10 A. Big River's toll-free number for customer service is (800) 455-1608. Big River's
11 customer service representatives will monitor calls to this number twenty-four hours a
12 day, seven days a week. The toll-free customer service number will be printed on each
13 customer provided bill. Big River customers enjoy a very high level of service quality.
14 Our high level of service to our customers is driven by our commitment to build and
15 maintain the finest network possible and by the reality of a competitive marketplace. If
16 our network is unreliable, we will lose customers because we operate in a competitive
17 marketplace in all of the communities we serve. As such, Big River will address any
18 complaints promptly. If a complaint cannot be resolved to a customer's satisfaction,
19 Big River will advise the customer of the right to file a complaint with the ORS or the
20 Commission.

21

1 **Q. PLEASE PROVIDE THE NAME ADDRESS AND TELEPHONE NUMBER OF**
2 **THE PERSON THAT WILL SERVE AS THE CONTACT FOR COMPLAINT**
3 **RESOLUTION.**

4 A. Nicole Winkler, 24 S. Minnesota Avenue, Cape Girardeau, Missouri 63703. Her
5 telephone number is (573) 388-3730, and the fax is (573) 651-3605. She can also be
6 contacted by e-mail at nwinkler@bigrivertelephone.com.

7 **Q. PLEASE DESCRIBE THE PROPOSED TARIFF FILED BY BIG RIVER.**

8 A. Big River attached to its Application copies of its proposed initial tariffs containing
9 rates, terms, and conditions for the services proposed herein. Exhibit 5 is the proposed
10 local exchange service tariff. Exhibit 6 is the proposed interexchange service tariff.
11 Exhibit 7 is the proposed access service tariff. I believe that Big River's tariffs comply
12 with all applicable Rules and Orders. To the extent necessary, Big River will make all
13 changes requested by the ORS or Commission to bring its tariffs into compliance.

14 **Q. HOW WILL THE PUBLIC INTEREST BE SERVED BY GRANTING BIG**
15 **RIVER'S APPLICATION?**

16 A. Granting this Application will promote the public interest by increasing competition in
17 the provision of telecommunications services in South Carolina. Big River will provide
18 customers high quality, cost effective telecommunications services, with an emphasis
19 on customer service. In addition to driving prices closer to costs, thereby ensuring just
20 and reasonable rates, competition also promotes efficiency in the delivery of services
21 and in the development of new services. These benefits work to maximize the public
22 interest by providing continuing incentives for carriers to reduce costs while,
23 simultaneously, promoting the availability of potentially desirable services. Big River

1 will leverage the capabilities of its Voice Over IP switching infrastructure to bring
2 integrated voice and data offerings to residential and business customers. Further, Big
3 River offers packages and pricing of its services differently than the existing telephone
4 companies. For instance, one of Big River's most popular packages is for local
5 telephone service, including touch-tone capability, caller-ID, three-way calling, call
6 forwarding, call waiting, voice mail and unlimited domestic long distance services.
7 We also offer a limited long distance package with all of the telephone features
8 mentioned in the package above, but with 60 minutes of domestic US long distance
9 calling per month.
10 Bottom line, telephone customers will benefit from a wider availability of services and
11 packages from which to select. Big River's proposed services will create and enhance
12 competition and expand customer service options consistent with the legislative goals
13 set forth in the Federal Telecommunications Act of 1996. Big River anticipates that it
14 will increase consumer choice for innovative, diversified, and reliable service offerings
15 and the competition and benefits it provides will further the public interest.

16 **Q. WILL THE SERVICE YOUR COMPANY INTENDS TO PROVIDE MEET**
17 **THE SERVICE STANDARDS OF THE COMMISSION?**

18 A. Yes, Big River will meet the service standards of the Commission.

19 **Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE**
20 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?**

21 A. No.

1 **Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE**
2 **TELEPHONE SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE**
3 **COMMISSION?**

4 **A. Yes.**

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A. Yes, it does.**